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7 UNITED STATES BANKRUPTCY COURT
8 WESTERN DISTRICT OF WASHINGTON AT SEATTLE

9 In Re:) Chapter: 11
10 CLI HOLDINGS, INC. dba ALYDIAN,) Case No. 13-19746-KAO
11 Debtor.) DECLARATION OF HANS OLSEN
12)

13 1. My name is Hans Olsen, I am over 18 years of age and testify hereto based upon
14 my personal knowledge. I make this declaration in support of the Motion to Approve Bidding
15 Procedures and Sale of Assets filed by CLI Holdings, Inc. dba Alydian, Inc. ("Alydian").

16 2. I have served as CEO, president, board member and in other executive capacities
17 of semiconductor chip manufacturing companies over my 30 year career.

18 3. In November 2012, I began consulting for CoinLab, Inc., one of the two owners
19 of Alydian. I gradually increased to a full-time role and since May 2013, I have been managing
20 engineering and operational activities for CoinLab and Alydian.

21 4. My work is primarily in the design, manufacture and deployment of bitcoin
22 mining rigs ("Rigs"). Rigs are dedicated and highly specialized computer systems used for
23 mining bitcoins. Rigs perform an algorithm to solve a complex mathematical calculation.

24 5. The bitcoin mining network automatically adjusts so that the same number of
25 bitcoins is awarded daily. Increased competition has made mining bitcoins increasingly difficult.
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DECLARATION OF HANS OLSEN (13-19746-KAO) Page - 1

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1 As bitcoins increased in value during 2013, more of Alydian's competitors in the network began
2 to deploy mining rigs.

3 6. Alydian is offering the Rigs for sale to a qualified purchaser or purchasers. The
4 Rigs are comprised of 34 systems (the "Systems"). The speed of each of the Systems is
5 measured in "terra hashes" or "TH." Each of the Systems generates an average of 5 TH.
6 Alydian has 170 TH available for sale (34 Systems x 5 TH per system).
7

8 7. At maximum performance, each of Systems may perform up to 5.6 TH, but may
9 not operate at maximum performance at all times. From August 2013 to October 2013, Alydian
10 has mined the following Bitcoins:

11 August 2013	14.78577426
12 September 2013	884.83728327
13 October 2013	1,656.66530240

14
15 Additional figures for mined Bitcoins in November and for December 2013 to date may be made
16 available to interested parties.

17 8. The Rigs require a large amount of power and cooling and are therefore not
18 desirable to operate in a home or standard office environment. As such, the ability to own Rigs
19 or capacity in a data center is essential to their operation.
20

21 9. Alydian operates the Rigs in three data centers, also known as hosting facilities.
22 The typical lease term in a hosting facility is between three and five years. However, for bitcoin
23 operations the optimal time frame for hosting is much shorter. CoinLab entered into three leases
24 for hosting the Rigs, described below.

25 10. CoinLab entered into a 12-month term hosting contract entered with Sabey Data
26 Center Properties, LLC ("Sabey") on August 29, 2013. Six rigs have been installed at Sabey's

1 Intergate Quincy facility in Quincy, WA. The charge per rig is \$6,200 for a total of \$37,200 per
2 month, plus an electricity usage fee charged at a rate of \$.025/kW based on actual electricity
3 consumed.

4 11. CoinLab entered into a month to month hosting contract entered with Wow
5 Technologies, Inc. ("Wowrack") on November 1, 2013. This contract covers 18 rigs which have
6 been installed at Wowrack's facility in Tukwila, WA. The charge per rig is \$5,675 for a total of
7 \$102,150 per month.
8

9 12. CoinLab entered into a hosting contract entered with Wowrack on December 19,
10 2013 which term ends on March 31, 2014. This contract covers ten rigs: two rigs at Wowrack's
11 facility in Tukwila, WA and eight rigs Wowrack's facility in Seattle, WA. The charge per rig is
12 \$5,900 for a total of \$59,000 per month.
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14 I declare under the penalty of perjury that the foregoing is true and correct.

15 DATED this 23rd day of December, 2013.

16 /s/Hans Olsen
17 Hans Olsen
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